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# guide notes

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## Motor Fuels and Tobacco Tax Branch

### Fuel Tax Refund Rulings

#### IX DETERMINATION OF A LICENSED VEHICLE RE: REFUND OF FUEL TAX

##### Background:

The Fuel Tax Act, 1981 specifies that no tax refund may be made on fuel used to operate a licensed motor vehicle, or one that requires licensing, under the Highway Traffic Act.

##### Ruling:

In the past, a vehicle with attached license plates was considered "licensed" under the Highway Traffic Act and therefore was required to use taxable fuel.

This determination of a "licensed" vehicle is no longer valid since, in some instances, a vehicle bearing license plates may not, in fact, be licensed under the Highway Traffic Act. A validation tag or sticker, issued by the Ministry of Transportation and Communications to the owner of a vehicle at the time of licensing renewal, is the only material proof that a vehicle is licensed under the Highway Traffic Act.

Accordingly, fuel used in a vehicle with license plates attached and operating legally without a Ministry of Transportation and Communications licensing validation tag or sticker, qualifies for a fuel tax refund. These vehicles are not to be operated for recreational purposes.

Proof that a vehicle is not licensed under the Highway Traffic Act may be:

- a receipt by the Ontario Provincial Police confirming the surrender of the vehicle's license plates;
- lack of renewal of the validation sticker for a quarterly, semi-annual, three-quarters or yearly period; and
- the return of the vehicle's plates with validation sticker to an office of the Ministry of Transportation and Communications. The Ministry of Transportation and Communications will void any unexpired full three-month period(s) remaining on the validation sticker and will also record the vehicle as unlicensed.



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